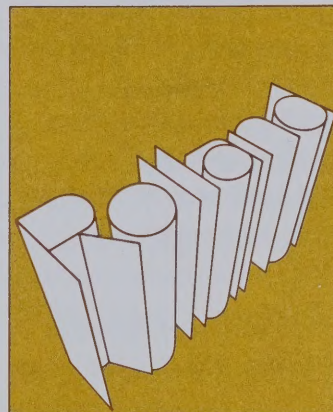


AR11

Quarterly Report

Second quarter and six months ended June 30, 1974

Trois mois terminés le 30 juin		Six mois terminés le 30 juin	
1974	1973	1974	1973
	Amendé		
\$21,765	\$15,265	\$44,052	\$29,088
149	80	228	145
21,914	<u>15,345</u>	44,280	<u>29,233</u>
17,955	13,335	36,831	25,580
399	349	793	689
91	102	185	206
18,445	<u>13,786</u>	37,809	<u>26,475</u>
3,469	1,559	6,471	2,758
1,480	611	2,769	1,093
1,989	948	3,702	1,665
—	—	94	—
\$ 1,989	<u>\$ 948</u>	\$ 3,796	<u>\$ 1,665</u>
\$ 1.07	\$ 0.51	\$ 2.05	\$ 0.90
\$ 1.06	\$ 0.51	\$ 2.03	\$ 0.85
\$ 1,989	\$ 948	\$ 3,796	\$ 1,665
399	349	793	689
172	(14)	383	(46)
\$ 2,560	<u>\$ 1,283</u>	\$ 4,972	<u>\$ 2,308</u>
\$ 410	\$ 510	\$ 861	\$ 771
278	153	617	524
229	107	459	190
—	—	—	23
917	<u>770</u>	1,937	<u>1,508</u>
1,643	513	3,035	800
\$ 2,560	<u>\$ 1,283</u>	\$ 4,972	<u>\$ 2,308</u>
		\$14,478	\$10,449



Rolland Paper Company Limited

P.O. Box 306, Tour de la Bourse
Postal Station, Montréal, P.Q.

H4Z 1H3



Rolland Paper Company, Limited

To the Shareholders:

Consolidated net sales were \$21,765,000 for the second quarter of 1974 as against \$15,265,000 for the same period last year. Net earnings amounted to \$1,989,000 or \$1.07 per Class "A" share and \$1.06 per Class "B" share. This compares with \$948,000 or \$0.51 per Class "A" and Class "B" share for the same quarter last year, after restatement.

For the first six months, consolidated net sales were \$44,052,000 as compared to \$29,088,000 in the same period last year.

Consolidated net earnings for the first half of the year were \$3,796,000 as compared to \$1,665,000 last year. This is equivalent to \$2.05 per Class "A" share and \$2.03 per Class "B" share in the first six months of 1974, compared to \$0.90 and \$0.85 respectively last year.

The very strong canadian demand for fine papers continued unabated in the second quarter of 1974. Our paper mills operated at full capacity and export shipments were reduced to supply the domestic market. Selling prices were increased in April to offset sizeable increases in pulp prices and labour costs, resulting in non-recurring inventory profits in the second quarter of 1974. The inventories sold, however, must be replaced at higher costs. Prices of oil, chemicals and supplies are also escalating and a further pulp

price increase was announced for the third quarter of 1974.

Negotiations for the renewal of the labour contract on May 1, 1974, with the Unions representing the hourly-paid employees of our St-Jerome and Mt-Rolland mills have reached the conciliation stage.

Your Board of Directors recently declared the regular quarterly dividends of 12 cents on the Class "A" shares and 10¾ cents on Class "B" shares, payable September 13, 1974, to shareholders of record on August 23, 1974.

On behalf of the Board,

Lucien G. Rolland
President and General Manager

Montreal, July 18, 1974.



Rolland Paper Company, Limited

Consolidated Statement of Income
(thousands of dollars)

Sales and Revenues:

Sales
Investment and other income

Cost and Expenses:

Cost of products sold, selling
and administrative expenses
Depreciation and amortization
Bond interest

Earnings before income taxes

Income taxes

Earnings from operations

Dividend income

Net earnings

Net earnings per class "A" share

Net earnings per class "B" share

**Consolidated Statement of Source
and Application of Funds**

SOURCE OF FUNDS

Net earnings
Depreciation and amortization
Deferred income taxes

APPLICATION OF FUNDS

Capital expenditures
Long-term debt reduction
Dividends
Redemption of preferred shares

INCREASE IN WORKING CAPITAL

WORKING CAPITAL

Interim statements subject to audit



Compagnie de Papier Rolland, Limitée

À nos actionnaires,

Le chiffre d'affaires consolidé a été de \$21,765,000 durant le deuxième trimestre de 1974 en comparaison de \$15,265,000 pour la même période l'an dernier. Les bénéfices nets consolidés s'élevaient à \$1,989,000 ou \$1.07 par action de Classe "A" et \$1.06 par action de Classe "B". Ceci se compare à \$948,000 ou \$0.51 cents par action de Classe "A" et de Classe "B" pour le même trimestre l'an dernier après revision.

Durant les six premiers mois, le chiffre d'affaires consolidé a été de \$44,052,000 en comparaison de \$29,088,000 pour la même période l'an dernier.

Les bénéfices nets consolidés pour la première moitié de l'année s'élevaient à \$3,796,000 en comparaison de \$1,665,000 l'an dernier. Ceci est l'équivalent de \$2.05 par action de Classe "A" et \$2.03 par action de Classe "B" durant les premiers six mois de 1974 comparé à \$0.90 et \$0.85 respectivement l'an dernier.

La très forte demande canadienne pour les papiers fins s'est continuée sans interruption durant le deuxième trimestre de 1974. Nos usines de papiers fins ont produit à pleine capacité et nos exportations vers les marchés d'exportation ont été réduites afin de fournir les besoins du marché national. Nos prix de vente ont été augmentés en avril afin de compenser des augmentations importantes du prix des pâtes et



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On behalf of the Board,

Lucien G. Rolland
President and General Manager

Montreal, July 18, 1974.

Consolidated Statement of Income (thousands of dollars)

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Sales
Investment and other income

Cost and Expenses:

Cost of products sold, selling and administrative expenses
Depreciation and amortization
Bond interest

Earnings before income taxes

Income taxes

Earnings from operations

Dividend income

Net earnings

Net earnings per class "A" share

Net earnings per class "B" share

Three months
ended June 30

Six months
ended June 30

1974	1973	1974	1973
	Restated		
\$21,765	\$15,265	\$44,052	\$29,088
149	80	228	145
21,914	15,345	44,280	29,233
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Consolidated Statement of Source and Application of Funds

SOURCE OF FUNDS

Net earnings
Depreciation and amortization
Deferred income taxes

APPLICATION OF FUNDS

Capital expenditures
Long-term debt reduction
Dividends
Redemption of preferred shares

INCREASE IN WORKING CAPITAL

WORKING CAPITAL

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\$ 2,560	\$ 1,283	\$ 4,972	\$ 2,308
		\$14,478	\$10,449

Interim statements subject to audit



des salaires ce qui a produit un profit d'inventaire durant le deuxième trimestre de 1974. Les stocks vendus cependant doivent être remplacés à des coûts plus élevés. Les prix de l'huile, des produits chimiques et des fournitures augmentent aussi rapidement et une autre augmentation des prix de la pâte a été annoncée pour le troisième trimestre de 1974.

Les négociations pour le renouvellement de la convention collective au 1er mai 1974 avec les syndicats représentant nos employés horaires de nos usines de St-Jérôme et Mt-Rolland ont atteint l'étape de la conciliation.

Vos administrateurs ont déclaré récemment des dividendes réguliers de 12 cents par action de Classe "A" et de 10¾ cents par action de Classe "B", tous deux payables le 13 septembre 1974 aux actionnaires inscrits le 23 août 1974.

Au nom du Conseil,
Le Président Directeur Général

Lucien G. Rolland

Montréal, le 18 juillet 1974.

**État consolidé des revenus et dépenses
(milliers de dollars)**

Ventes et autres revenus:

Ventes
Revenus de placement et autres

Coût et dépenses:

Coût des produits vendus, frais de vente
et d'administration
Amortissements
Intérêts des obligations

Bénéfices avant déduction des impôts

Impôts sur le revenu

Bénéfice d'exploitation

Revenus de dividendes

Bénéfices nets

Bénéfices nets par action de classe "A"

Bénéfices nets par action de classe "B"

**État consolidé de provenance
et d'utilisation des fonds**

PROVENANCE DES FONDS

Bénéfices nets
Amortissements
Impôts différés

UTILISATION DES FONDS

Dépenses d'immobilisation
Réduction de la dette à long terme
Dividendes
Augmentation — autres actifs

AUGMENTATION DU FONDS DE ROULEMENT

FONDS DE ROULEMENT

États intermédiaires non vérifiés